Indiana PERF

Public Employees' Retirement Fund

STATE EXCISE POLICE, GAMING AGENT, GAMING CONTROL OFFICER & CONSERVATION ENFORCEMENT OFFICERS' RETIREMENT PLAN

MEMBER HANDBOOK

PERF INDIANA

STATE EXCISE POLICE, GAMING AGENT, GAMING CONTROL OFFICER & CONSERVATION ENFORCEMENT OFFICERS' RETIREMENT PLAN

MEMBER HANDBOOK

Customer service is important to us. If you have any questions, please contact the State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan.

Phone Number:

(888) 526-1687

E-Mail:

questions@perf.in.gov

Web Address:

www.perf.in.gov

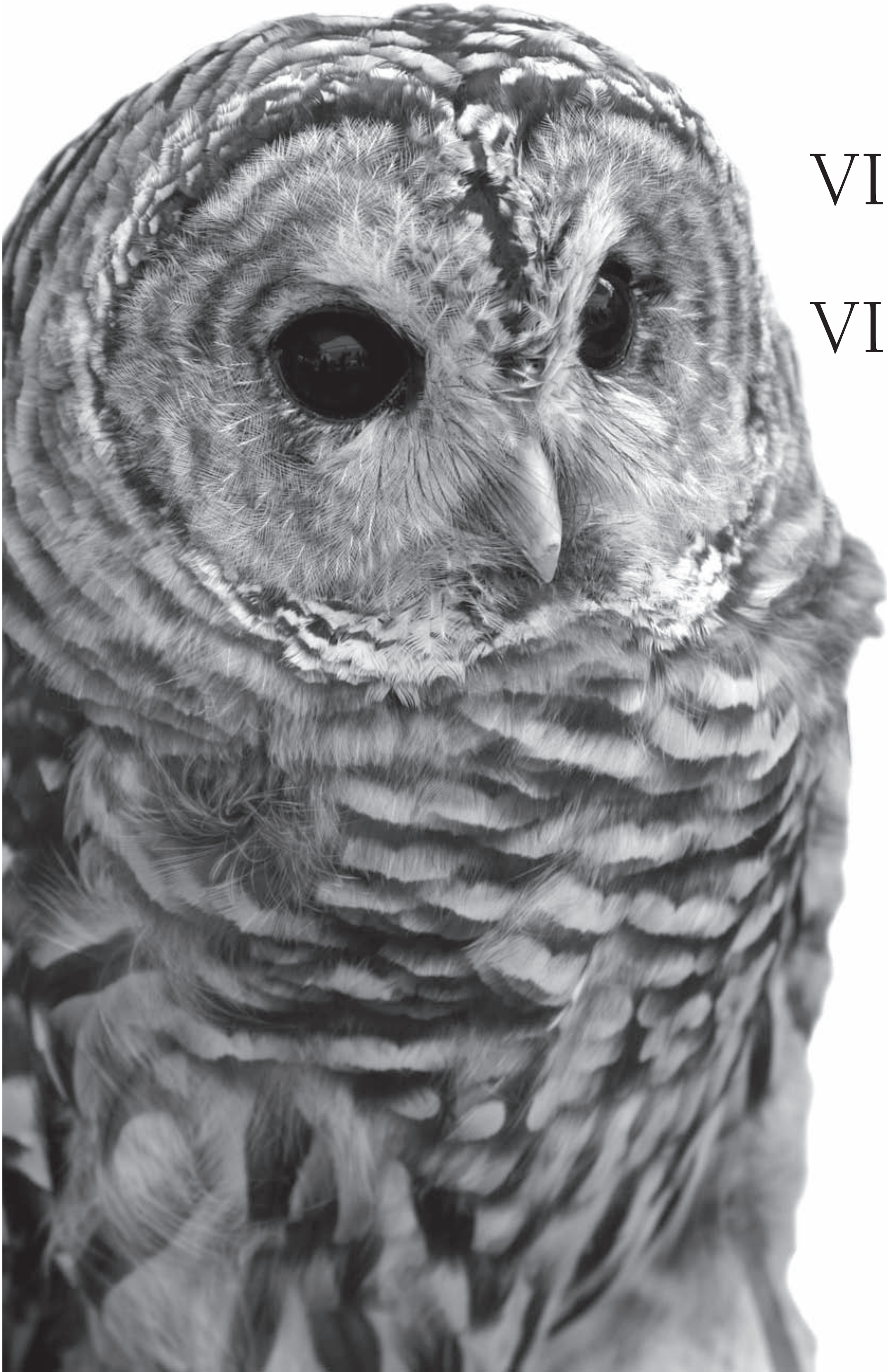
Address:

143 West Market Street
Indianapolis, IN 46204
ATTN: State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan

When you contact the State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan, please be ready to furnish your full name, current address and the last four digits of your social security number. If contacting the plan by mail or fax, please provide your signature.

Office hours are from 8 a.m. to 5 p.m., Monday through Friday, except on state holidays.

I Introduction



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PERF Administration

Founded in 1945, the Public Employees' Retirement Fund (PERF) is one of the largest retirement systems in the United States—both public and private. The State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan is one of the six retirement plans administered by PERF, including the:

- *PUBLIC EMPLOYEES' RETIREMENT FUND*
- *1977 AND 1985 JUDGES' RETIREMENT SYSTEM*
- *STATE EXCISE POLICE, GAMING CONTROL OFFICER, GAMING AGENT AND CONSERVATION ENFORCEMENT OFFICERS' RETIREMENT PLAN*
- *1977 POLICE OFFICERS' AND FIREFIGHTERS' PENSION AND DISABILITY FUND*
- *PROSECUTING ATTORNEYS' RETIREMENT FUND*
- *LEGISLATORS' RETIREMENT SYSTEM*

The Board of Trustees is comprised of six members, five of which are appointed by the governor, with the sixth being the director of the state's budget agency. Board members serve as the ultimate fiduciaries of the retirement system. Fiduciaries are legally bound to make decisions in the participants' best interests. PERF employs outside money management firms to manage the assets of the system. More information on PERF's investment practices is available at the Fund's website:

www.perf.in.gov.

While every attempt has been made to verify that all the information in this handbook is correct and up-to-date, PERF does not make any representation or warranty as to the completeness or accuracy of any information provided herein. The content of this handbook does not constitute legal advice, and nothing herein should be considered a legal opinion. In the event of a discrepancy between information in this handbook and the laws of the State of Indiana, the applicable law shall apply.

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Participating in the Fund

In 1971, the Indiana legislature established what is now known as the State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan. The purpose of this plan is to provide retirement, disability and survivor benefits for employees of both the Department of Natural Resources and the Alcoholic Beverage Commission who are engaged exclusively in the performance of law enforcement duties. The Indiana State Legislature added Gaming Agents to this plan effective July 1, 2005.

Membership (IC 5-10-5.5-5)

If you were a state excise police or conservation enforcement officer on Sept. 2, 1971, you were required to participate in this plan unless you filed a written notice not to participate. You must have filed this written notice with the Public Employees' Retirement Fund Board of Trustees within 20 days prior to Sept. 2, 1971. If you elected not to participate, you are forever ineligible to participate in this retirement plan.

If you become a state police or conservation enforcement officer after Sept. 2, 1971, you are required to participate in the plan as a condition of employment.

Common Terms

Please review the following words and their definitions to navigate this handbook with ease.

Defined Benefit

A defined benefit plan is one in which the benefits are first "defined" by law and the employer contributions needed to provide these benefits are then determined by an actuary. Retirement benefits under a defined benefit plan are typically determined by a formula, usually based on the number of years of service and salary of the member. Since benefits are ultimately provided from employer contributions and their investment earnings, employers bear most of the investment risk in this type of plan.

Contributions

Funds paid to the plan by members and the State of Indiana.

Service Credit

This includes each period of continuous employment that is considered creditable service by statute for an employer that belongs to the plan. Creditable service is important in determining your qualification for benefits.

Average Annual Salary

The average annual salary of an officer during the five years of highest annual salary in the 10 years immediately preceding an officer's retirement date, determined without regard to any pre-tax salary reduction agreeement for a cafeteria plan (under Internal Revenue Code Section 125).

Vesting

The minimum amount of time you must work in one or more covered positions to receive a benefit.

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CONTRIBUTIONS

Employee

As a plan member, you are required to contribute 4 percent of your annual salary. The contribution is made through payroll deductions. These contributions are deposited in your savings account with the plan.

Employer

The state of Indiana makes an actuarially determined contribution to properly fund the accruing benefits. These contributions are deposited in an employer reserve account.

BENEFICIARY ELECTIONS

Plan members in active service may nominate a beneficiary and a contingent beneficiary by completing the appropriate form. New participants may nominate a beneficiary on their member record form.

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Active fund members may change beneficiaries by filing a beneficiary change form. A contingent beneficiary may also be designated on that form (see 5-10-5.5-15 for the list of eligible beneficiaries). ***There is no provision for naming multiple beneficiaries.***

There is no provision for retired members to change beneficiaries.

BENEFITS

If you become a member of the plan before the age of 50, you are required to retire on your 60th birthday.

If you become a member of the plan at or after the age of 50, you are required to retire on whichever of the following dates is earlier:

1. The first day of the month following your 65th birthday.
2. The first day of the month following the completion of 10 years of service. *(See the Transfer of Creditable Service section.)*

A normal retirement benefit is equal to 25 percent of your average annual salary,* increased by $1^{2/3}$ percent of your average annual salary for each completed year of creditable service more than 10 years.

If you leave your position and you have 15 years or more of creditable service but are under age 45, you are not eligible to elect a retirement benefit until age 45. The benefit at age 45 is reduced for early retirement.

Early Retirement (IC 5-10-5.5-11 and 12) — You are eligible for early retirement if you:

- are age 45.
- have accrued at least 15 years of creditable service.
- are at least 55 years old and your age plus years of service equal 85 (Rule of 85).
- are at least 50 years old and have accrued at least 25 years of service.

However, your monthly benefit will be equal to the normal retirement benefit, reduced by 1/4 percent for each full month that the date of early retirement precedes your 60th birthday. For example, if a member is age 45 and has 15 years of creditable service, his or her benefit would be reduced 45 percent from normal retirement.

*As defined under IC 5-10-5.5-1, "average annual salary" means the average annual salary of an officer during the five years of highest annual salary in the 10 years immediately preceding an officer's retirement date, determined without regard to any pre-tax salary reduction agreement for a cafeteria plan (under Internal Revenue Code Section 125).

Benefit Formula:
1/4 percent (required percentage reduction) x 12 (number of months in one year) x 15 (number of years below age 60) = 45 percent

Disability Benefits

Upon a petition from a participant, the department, or the commission, the Board of Trustees of the Public Employees' Retirement Fund, or its designee, shall make the determinations required by the statute and shall also determine:

1. The degree of impairment of any officer determined to be disabled.
2. Whether the disability arose in the line of duty (as defined in the statute).

The impairment standards contained in the United States Department of Veterans Affairs' Schedule for Rating Disabilities in effect at the time the application for disability benefits is filed with the Board of Trustees shall be used to determine the degree of impairment.

Disability benefits may not be provided for any disability...

- Resulting from an intentionally self-inflicted injury or attempted suicide while sane or insane.
- Resulting from the member's commission or attempted commission of a felony.
- That begins within two years after a member's entry or reentry into active service on the force and which was caused or contributed to by a mental or physical condition, which manifested itself before the member entered or reentered active service.

A participant whose disability arose in the line of duty is entitled to a monthly benefit equal to the participant's monthly salary on the date of disability multiplied by the degree of impairment (expressed as a percentage impairment of the person as a whole). **However, the monthly benefit must be at least:**

1. 20 percent of the participant's monthly salary on the date of the disability if the participant has more than five years of service, or
2. 10 percent of the participant's monthly salary on the date of the disability if the participant has five or fewer years of service.

A disability is to be considered to have arisen in the line of duty if the disability is the direct result of:

- A personal injury that occurs while the participant is on duty.
- A personal injury that occurs while the participant is off duty and responding to an offense or an emergency, or a reported offense or emergency.
- If the disability is a result of an exposure risk disease that is presumed under state law (IC 5-10-13) to have been incurred in the line of duty.

A participant whose disability did not arise in the line of duty is entitled to a monthly benefit equal to one-half of the participant's monthly salary on the date of disability multiplied by the degree of impairment (expressed as a percentage of the person as a whole). However, the monthly benefit must be at least:

1. 10 percent of the participant's monthly salary on the date of the disability if the participant has more than five years of service, or
2. 5 percent of the participant's monthly salary on the date of the disability if the participant has five or fewer years of service.

Survivor Benefits

If you die after accruing 15 or more years of creditable service under the plan, your nominated beneficiary is entitled to receive survivor benefits. You may designate any one of the following individuals as your beneficiary:

- your spouse
- your unmarried child or children under the age of 18
- your surviving parent or parents

If you nominated your spouse as your beneficiary, he or she would be entitled to a monthly survivor benefit for life. This benefit would be equal to 50 percent of the amount that you would have received at your retirement under the plan. If your spouse is more than five years younger than you, the amount of the spousal survivor benefit is actuarially reduced.

If you nominated an unmarried child under age 18 to receive your survivor benefits, that child would be entitled to a monthly survivor benefit until he or she reaches age 18 or marries, whichever occurs first. This benefit would be equal to 50 percent of the amount that you would have received at your retirement under the plan.

If you name more than one child to receive your survivor benefits, the benefit will be divided equally between or among all of the designated children. At the time that a child becomes age 18 or is married, the survivor benefit will be divided equally between or among the remaining children who are still eligible for benefits.

If you designated your surviving mother or father as your beneficiary, the parent or parents would be entitled to a monthly survivor benefit for life. This benefit would be equal to 50 percent of the amount that you would have received at your retirement under the plan.

In the event that no one is nominated to receive your survivor benefits, your estate will receive a lump sum payment of your contributions and accrued interest.

If your spouse is more than five years younger than you, the amount of the spousal survivor benefit is actuarially reduced.

SERVICE CREDIT

- Prior service in PERF is not creditable for this retirement plan unless you were an officer on Sept. 2, 1971 and elected to be covered under this plan and not the Public Employees' Retirement Fund.
- A participant in this plan is entitled to service credit for the time the participant receives state disability benefits.
- A participant may purchase service credit under the terms of this plan (IC 5-10-5.5-7.5).

DISTRIBUTIONS

If you have less than 15 years of service when you terminate employment, you are not eligible for retirement benefits under the State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan. You would then have three options as to how you can handle your account with the plan. **(See page five.)**

Option Number 1	**Transfer your account and creditable service from the plan to the Public Employees' Retirement Fund. If you transfer your account and service credit to PERF, you will be eligible for PERF retirement benefits when you:** ■ **are age 65 and** ■ **have 10 or more years of creditable service.** **If you are not vested and elect to withdraw your contribution account, you will permanently forfeit the service and the right to transfer this service to the Public Employees' Retirement Fund.**
Option Number 2	**Leave your member account balance with the State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan. If you leave your contributions with the plan, you will receive the same interest crediting rate that is paid under the PERF Guaranteed Fund option.** **However, if you do not accrue 15 years of creditable service and you wish to have your account and creditable service transferred to PERF, you must elect the transfer before age 65.**
Option Number 3	**Receive a distribution of your account with the State Excise Police, Gaming Control Officer, Gaming Agent and Conservation Enforcement Officers' Retirement Plan. (See the section below.)**

If your employment is terminated before you accumulate 15 years of creditable service and attain the age of 45, you are entitled to a lump sum distribution of all your contributions and accrued interest.

When you elect a distribution, your account would receive any eligible interest credit as provided under the laws in effect at the time of the distribution.

When you become vested with at least 15 years of service, there is no member account because that account will be part of the funding of the your future retirement benefit. You are not eligible to elect a distribution once you have accrued 15 years of creditable service.

! If, however, you transfer to another position with the state of Indiana, you are not eligible for a distribution of your member account due to IRS regulations. You will only receive a distribution of your account (your contributions and accrued interest) when you have separated from service with the state of Indiana.

If you die before accumulating 15 years of creditable service and have no named beneficiary, your contributions and accumulated interest will be paid to your estate.

You will not receive a distribution of the employer contributions under *any* circumstances. These employer contributions fund your benefits if you become eligible for retirement or disability.

If you terminate employment after accumulating 15 years of creditable service but are not eligible for benefits, you will not be entitled to receive a distribution of your contributions and interest. You will be entitled to apply for early retirement benefits after reaching age 45 or normal retirement benefits, either upon reaching age 60, or upon meeting the requirements of IC 5-10-5.5-11.

Distribution of Member Contributions

If you are eligible for a distribution under the plan, you can withdraw your member contributions and accumulated interest. You may elect to have the distribution paid directly to you, or you may direct the plan to make a direct rollover of the distribution amount.

INCOME TAX CONSEQUENCES

Payment Directly to You — If you elect to withdraw your member contributions and you do not make a direct rollover of the distribution, it is subject to a mandatory 20 percent federal income tax withholding on the taxable portion (state tax withholding may also apply). The payment is taxed in the year you receive it unless, within 60 days, you roll it over to a traditional IRA or an eligible employer plan that accepts rollovers. If you receive a distribution of your member contributions before you reach age 55 and you do not roll it over, then, in addition to the regular income tax, you may have to pay an early distribution tax penalty equal to 10 percent of the taxable portion of the payment. The early distribution tax penalty equal to 10 percent does not apply to a distribution from a governmental defined benefit plan made to a qualified public safety employee who separates from service after reaching age 50. **See the Special Tax Notice enclosed with a distribution application for more information.**

A copy of all plan forms are available to download from PERF's website at http://www.in.gov/perf/agency/forms.html.

Direct Rollover — A direct rollover is a direct payment of some or all of the amount of your distribution of your member contributions to a traditional IRA or an eligible employer plan (such as a 403(b) tax sheltered annuity, a 457 deferred compensation plan), or a 401(a) qualified plan that will accept it. You can choose a direct rollover of all or any portion of your payment that is an eligible rollover distribution. You are not taxed on any taxable portion of your payment for which you choose a direct rollover until you elect a distribution from that plan. In addition, there is no income tax withholding on the amount you rollover. **See the Special Tax Notice enclosed with a distribution application for more information.**

Retirement Benefits — When you retire, you will be taxed on all of your benefit payments when they are received, except a portion attributable to your "tax basis" (the amount of your 4 percent member contributions that you were taxed on when the contributions were paid to the plan). A portion of your non-taxable amount will be recovered from each benefit payment over a pre-determined number of payments based on your age at the time your benefits start. This schedule is set by Internal Revenue Service regulations. Once all non-taxable amounts have been excluded from your benefit payments, 100 percent of all remaining benefit payments will be included as taxable income. The plan will report to you each year on a Form 1099-R the taxable and non-taxable (if any) portion of your benefits.

Tax Withholding — The plan is required to withhold income taxes on distributions. It is also required to withhold taxes on monthly payments unless you elect not to have taxes withheld. When applying for the benefits, make sure you complete the tax withholding forms. The taxation rules are complex, so if you need additional information, you should obtain IRS Publication 575; or, if you need further assistance, you should contact your local IRS office or a tax consultant.

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